

**COUNTY OF SAN BERNARDINO
CALIFORNIA
SPECIAL DISTRICTS
AUDIT REPORT
TWENTYNINE PALMS PUBLIC
CEMETERY DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Prepared by:

**Internal Audits Section
Office of the Auditor/Controller-Recorder
December 22, 2005**

**County of San Bernardino
Twentynine Palms Public Cemetery District**

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COUNTY OF SAN BERNARDINO

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Independent Auditor's Report

December 22, 2005

Sandra J. Gray, Chairwoman
Board of Trustees
Twentynine Palms Public Cemetery District
5350 Encelia Avenue
Twentynine Palms, CA 92277

**SUBJECT: AUDIT OF TWENTYNINE PALMS PUBLIC CEMETERY DISTRICT FOR
THE FISCAL YEAR ENDED JUNE 30, 2005**

Introductory Remarks

In compliance with Section 26909 of the California Government Code, we have completed an audit of Twentynine Palms Public Cemetery District for the fiscal year ended June 30, 2005.

Auditor's Report

We have audited the accompanying financial statements of the governmental activities and the remaining aggregate fund information of the Twentynine Palms Public Cemetery District (District), an independent special district of the County of San Bernardino, California, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial

Audrpt/Sandra J. Gray, Chairwoman
Twentynine Palms Cemetery District
December 22, 2005
Page 2

statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the remaining aggregate fund information of the District, as of June 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and the state regulations governing Special Districts.

The accompanying budgetary comparison information on page 21 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By:

Howard M. Ochi, CPA
Chief Deputy Auditor

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County of San Bernardino
 Twentynine Palms Public Cemetery District
 Balance Sheet
 June 30, 2005

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and investments | \$ 463,128 |
| Interest receivable | 1,408 |
| Taxes receivable | 3,725 |
| Accounts receivable | 2,000 |
| Due from other funds | 1,494 |
| Prepaid expenses | 5,494 |
| Total current assets | <u>477,249</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land | 23,797 |
| Structures and improvements | 317,759 |
| Vehicles | 67,838 |
| Equipment | 9,565 |
| Less accumulated depreciation | <u>(292,376)</u> |
| Total noncurrent assets | <u>126,583</u> |
| Total assets | <u><u>\$ 603,832</u></u> |
| LIABILITIES | |
| Current liabilities: | |
| Salaries and benefits payable | \$ 4,248 |
| Total current liabilities | <u>4,248</u> |
| Non-current liabilities | |
| Compensated absences | <u>4,210</u> |
| Total non-current liabilities | <u>4,210</u> |
| Total liabilities | <u>8,458</u> |
| NET ASSETS | |
| Invested in capital assets, net | 126,583 |
| Restricted | 304,923 |
| Unrestricted | <u>163,868</u> |
| Total net assets | <u>595,374</u> |
| Total liabilities and net assets | <u><u>\$ 603,832</u></u> |

The notes to the financial statements are an integral part of this statement.

County of San Bernardino
 Twentynine Palms Public Cemetery District
 Statement of Activities
 For the Fiscal Year Ended June 30, 2005

| | <u>Governmental Activities</u> |
|--------------------------------------|------------------------------------|
| PROGRAM EXPENDITURES: | |
| Salaries and benefits | \$ 122,860 |
| Services and supplies | 45,647 |
| Depreciation | 10,754 |
| Total program expenditures | <u>179,261</u> |
| PROGRAM REVENUES: | |
| Charges for services | <u>30,812</u> |
| Net program expense | <u>148,449</u> |
| GENERAL REVENUES: | |
| Property taxes | 98,041 |
| Interest | 4,573 |
| Transfers | 8,730 |
| Other | 14,589 |
| Total general revenues and transfers | <u>125,933</u> |
| Change in net assets | (22,516) |
| Net assets - beginning | 617,890 |
| Net assets - ending | <u><u>\$ 595,374</u></u> |

The notes to the financial statements are an integral part of this statement.

**County of San Bernardino
Twentynine Palms Public Cemetery District
Balance Sheet
June 30, 2005**

| | General (MAV) | Permanent Fund Endowment Care (MBA) | Total Government Funds |
|-------------------------------------|-------------------|---|------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 158,773 | \$ 304,355 | \$ 463,128 |
| Accounts receivable | 2,000 | - | 2,000 |
| Interest receivable | 1,030 | 378 | 1,408 |
| Taxes receivable | 3,725 | - | 3,725 |
| Due from other funds | 1,304 | 190 | 1,494 |
| Prepaid expenses | 5,494 | - | 5,494 |
| Total assets | <u>\$ 172,326</u> | <u>\$ 304,923</u> | <u>\$ 477,249</u> |
| LIABILITIES | | | |
| Salaries and benefits payable | \$ 4,248 | \$ - | \$ 4,248 |
| Total liabilities | <u>4,248</u> | <u>-</u> | <u>4,248</u> |
| FUND BALANCES | | | |
| Reserved for endowment care | - | 304,923 | 304,923 |
| Unreserved | 168,078 | - | 168,078 |
| Total fund balances | <u>168,078</u> | <u>304,923</u> | <u>473,001</u> |
| Total liabilities and fund balances | <u>\$ 172,326</u> | <u>\$ 304,923</u> | |

Amounts reported for governmental activities in the government-wide balance sheet are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds

126,583

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

(4,210)

Net assets of governmental funds

\$ 595,374

The notes to the financial statements are an integral part of this statement.

**County of San Bernardino
 Twentynine Palms Public Cemetery District
 Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2005**

| | General (MAV) | Permanent Fund Endowment Care (MBA) | Total Government Funds |
|--|-------------------|---|------------------------------|
| REVENUES | | | |
| Charges for services | \$ 27,102 | \$ 3,710 | \$ 30,812 |
| Property taxes | 98,041 | - | 98,041 |
| Interest | 3,365 | 1,208 | 4,573 |
| Total revenues | <u>128,508</u> | <u>4,918</u> | <u>133,426</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 124,460 | - | 124,460 |
| Services and supplies | 45,647 | - | 45,647 |
| Total expenditures | <u>170,107</u> | <u>-</u> | <u>170,107</u> |
| Excess of revenues over (under) expenditures | <u>(41,599)</u> | <u>4,918</u> | <u>(36,681)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 8,730 | - | 8,730 |
| Other | 1,639 | 12,950 | 14,589 |
| Total other financing sources and uses | <u>10,369</u> | <u>12,950</u> | <u>23,319</u> |
| Net change in fund balances | <u>(31,230)</u> | <u>17,868</u> | <u>(13,362)</u> |
| Fund balances - beginning | <u>199,307</u> | <u>287,056</u> | <u>486,363</u> |
| Fund balances - ending | <u>\$ 168,077</u> | <u>\$ 304,924</u> | <u>\$ 473,001</u> |

The notes to the financial statements are an integral part of this statement.

**County of San Bernardino
Twentynine Palms Public Cemetery District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Government Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2005**

| | | |
|--|----|----------|
| Net change in fund balances - Total Government Funds | \$ | (13,362) |
|--|----|----------|

Amounts reported for governmental activities in the statement of activities are,
different because:

Government funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

| | | |
|--|--|----------|
| This is the amount by which depreciation expense exceeded capital outlays in the current period | | (10,754) |
|--|--|----------|

Long-term liabilities, including compensated absences, are not due and payable in
the current period and therefore are not reported in the funds. Decrease in
employee compensated absences

1,600

| | | |
|---|----|-----------------|
| Change in net assets of governmental activities | \$ | <u>(22,516)</u> |
|---|----|-----------------|

County of San Bernardino
Twentynine Palms Public Cemetery District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

| | Private-Purpose Trust Fund <hr/> Pre-Need Burial (MAY) <hr/> |
|----------------------|--|
| ASSETS | |
| Cash and investments | \$ 231,650 |
| Accounts receivable | 7,753 |
| Interest receivable | 1,438 |
| Total assets | <hr/> \$ 240,841 <hr/> |
| NET ASSETS | |
| Held in trust | \$ 240,841 |
| Total net assets | <hr/> \$ 240,841 <hr/> |

The notes to the financial statements are an integral part of this statement.

County of San Bernardino
 Twentynine Palms Public Cemetery District
 Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 For the Year Fiscal Ended June 30, 2005

| | Private- Purpose Trust Fund |
|--------------------------------|-----------------------------------|
| | Pre-Need Burial (MAY) |
| ADDITIONS | |
| Contributions | \$ 16,934 |
| Investment earnings - interest | 4,663 |
| Other sales | 393 |
| Other | 329 |
| Total additions | <u>22,319</u> |
| DEDUCTIONS | |
| Transfers out | 8,730 |
| Benefits | 3,692 |
| Total deductions | <u>12,422</u> |
| Change in net assets | 9,897 |
| Net assets - beginning | <u>230,944</u> |
| Net assets - ending | <u><u>\$ 240,841</u></u> |

The notes to the financial statements are an integral part of this statement.

**County of San Bernardino
Twentynine Palms Public Cemetery District
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Twentynine Palms Public Cemetery District (District), created in 1934, is an independent special district located within the County of San Bernardino. The District was established to provide cemetery service to the community of Twentynine Palms, California.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the reporting entity. As a general rule, the effect of interfund activity among governmental activities has been eliminated from the government-wide financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from any *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Currently, the District does not have any proprietary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

County of San Bernardino
Twentynine Palms Public Cemetery District
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* labeled "General" is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *permanent fund* labeled "Endowment Care" provides resources that are legally restricted to the extent that only earnings and no principal (corpus) may be used for purposes that support the reporting government's programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

**County of San Bernardino
Twentynine Palms Public Cemetery District
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Fiduciary funds are used to account for assets held by the District as an agent or trustee for individuals, private organizations, other governments and/or other funds. The Pre-Need Burial Fund is a private-purpose trust fund which transfers funds from its earnings to the General fund to finance burial expenditures. The modified accrual basis of accounting is used for the fiduciary fund.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and cash equivalents include the cash balances of substantially all funds, which are pooled and invested by the San Bernardino County Treasurer to increase interest earnings through investment activities.

Investment activities are governed by the California Government Code Sections 53604, 53635, and 53638 and the County's Investment Policy. Authorized investments include U.S. Government Treasury and Agency securities, bankers' acceptances, commercial paper, medium term notes, mutual funds, repurchase agreements, and reverse repurchase agreements.

Interest income, and realized gains and losses earned on pooled investments are deposited quarterly to the District's accounts based on the District's average daily deposit balances during the quarter. Unrealized gains and losses of the pooled investments are distributed to the District annually. Cash and cash equivalents are shown at fair value as of June 30, 2005.

Receivables

Accounts receivable are shown net of an allowance for uncollectibles when applicable.

Property taxes

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on the March 1 lien date and become delinquent with penalties on August 31.

**County of San Bernardino
Twentynine Palms Public Cemetery District
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Capital assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of one (1) year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------------------|--------------|
| Structures & improvements | 15 – 45 |
| Equipment and vehicles | 6 – 20 |

Employee compensated absences

Accumulated vacation, holiday benefits, sick pay and compensatory time are recorded as an expense and liability as the benefits are earned. Compensated absence liabilities are recorded as a noncurrent liability. The District is not obligated to pay for unused sick leave if an employee terminates or retires.

**County of San Bernardino
Twentynine Palms Public Cemetery District
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Compensated absences activity for the year ended June 30, 2005 was as follows:

| Beginning Balance | Additions | Deletion | Ending Balance |
|----------------------|-------------|-----------------|-------------------|
| <u>\$ 5,810</u> | <u>\$ -</u> | <u>\$ 1,600</u> | <u>\$ 4,210</u> |

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The difference of \$10,754 relates to depreciation and the \$4,210 relates to compensated absences.

NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

In accordance with provisions of Section 29000 – 29143 of the Government Code of the State of California, commonly known as the County Budget Act, the District prepares and adopts a budget on or before August 30 for each fiscal year.

County of San Bernardino
Twentynine Palms Public Cemetery District
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY-- *Continued*

Budgets are prepared on the modified accrual basis of accounting. The legal level of budgetary control is the object level and the sub-object level for capital assets within each fund.

Amendments or transfers of appropriations between funds must be approved by the Board. Any deficiency of budgeted revenues and other financing resources over expenditures and other financing uses is financed by beginning available fund balances.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

NOTE 4: CASH AND INVESTMENTS

Cash and investments include the cash balances and substantially all funds that are invested by the District for the purpose of increasing interest earnings through investment earnings as noted in Note 1.

A portion of the Endowment Care Fund is invested with a private broker. The District's investment policy limits its investment choices.

As of June 30, 2005, cash and investments consist of the following:

| | |
|----------------------------|-------------------|
| Cash and cash equivalents | \$ 220,195 |
| U. S. Treasuries | 142,558 |
| U. S. Agencies | <u>100,375</u> |
| Total cash and investments | <u>\$ 463,128</u> |

Investment Credit Risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB 40 requires the disclosure of credit quality ratings for investments.

California law places limitations on the investments purchased by a special district. Those limits include the types of investments and that the remaining maturity be five years or less at the time of purchase unless specific conditions are met by the special district's legislative body.

County of San Bernardino
 Twentynine Palms Public Cemetery District
 Notes to the Financial Statements
 For the Fiscal Year Ended June 30, 2005

NOTE 4: CASH AND INVESTMENTS – Continued

Concentration of Credit Risk increases the risk of loss as more investments are acquired from one issuer, resulting in a lack of diversification. GASB 40 requires disclosures of investments by amount and issuer that represent five percent or more of total investments held. As of June 30, 2005, the following issuers represented more than five percent of the District's investments with the private broker:

| <u>Issuer</u> | <u>Fair Value</u> | <u>% of Portfolio</u> |
|---------------|-------------------|-----------------------|
| FNMA | \$ 27,509 | 11.32% |
| FICO | \$ 72,866 | 29.99% |

Interest Rate Risk exists when there is a possibility that changes in interest rates could have an adverse effect on an investment's fair value. Generally, the longer the maturity of an investment, the greater the interest rate risk associated with that investment.

As of June 30, 2005, the District had the following investments and maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (in Years)</u> | | | |
|------------------------|-------------------|---|--------------|---------------|---------------------|
| | | <u>Less Than 1</u> | <u>1 – 5</u> | <u>6 – 10</u> | <u>More Than 10</u> |
| U. S. Treasuries | \$ 142,558 | \$ - | \$ - | \$ 142,558 | \$ - |
| U. S. Agencies | 100,375 | - | - | 100,375 | - |
| Total | \$ 242,933 | \$ - | \$ - | \$ 242,933 | \$ - |

Custodial Risk for Investments exists if the securities are uninsured, are not registered in the name of the government, and are held by a either counterparty (broker-dealer) or the counterparty's trust department or agent, but not in the government's name.

Investments issued or explicitly guaranteed by the United States Government, investments in mutual funds, external investment pools, and other pooled investments are excluded from *Credit* and *Concentration Risk* disclosure requirements.

**County of San Bernardino
Twentynine Palms Public Cemetery District
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 5: CAPITAL ASSETS

The costs of building and acquiring capital assets (land, buildings, vehicles and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the statement of net assets includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives. Capital asset activity for governmental activities for the year ended June 30, 2005 are as follows:

| | Balance at July 1, 2004 | Additions | Disposals | Balance at June 30, 2005 |
|---|-------------------------------|---------------------------|--------------------|--------------------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 23,797 | \$ - | \$ - | \$ 23,797 |
| Total capital assets not being depreciated | <u>23,797</u> | <u>-</u> | <u>-</u> | <u>23,797</u> |
| Capital assets being depreciated: | | | | |
| Structures and improvements | 317,759 | - | - | 317,759 |
| Vehicles | 67,838 | - | - | 67,838 |
| Equipment | 9,565 | - | - | 9,565 |
| Total capital assets being depreciated | <u>395,162</u> | <u>-</u> | <u>-</u> | <u>395,162</u> |
| Less: accumulated depreciation for: | | | | |
| Structures and improvements | (236,196) | (6,729) | - | (242,925) |
| Vehicles | (35,861) | (4,025) | - | (39,886) |
| Equipment | (9,565) | - | - | (9,565) |
| Total accumulated depreciation | <u>(281,622)</u> | <u>(10,754)</u> | <u>-</u> | <u>(292,376)</u> |
| Total capital assets being depreciated, net | <u>113,540</u> | <u>(10,754)</u> | <u>-</u> | <u>102,786</u> |
| Total net capital assets | <u>\$ 137,337</u> | <u>\$ (10,754)</u> | <u>\$ -</u> | <u>\$ 126,583</u> |

NOTE 6: TRANSFERS IN/OUT

Interfund Transfers In/Out transactions are used to close out a fund, reimburse an operating fund, and transfer cash between operating funds and any capital project funds. At June 30, 2005, the District made the following interfund transfers:

| Fund | Purpose | Amount |
|------|---|-------------|
| MAV | From Preneed Fund to reimburse cost of funeral expenses | \$ 8,730 |
| MAY | To General Fund to pay for funeral expenses | (8,730) |
| | | <u>\$ -</u> |

County of San Bernardino
 Twentynine Palms Public Cemetery District
 Notes to the Financial Statements
 For the Fiscal Year Ended June 30, 2005

NOTE 7: PROPOSITION 111 APPROPRIATION LIMITS

Proposition 111, which added Article XIII B to the State Constitution, established limits on budget appropriations in order to restrict government spending. We have reviewed the proceeds of taxes received by the District during the 2004-2005 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111.

NOTE 8: NET ASSETS

The government-wide fund financial statements utilize a net assets presentation. Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contribution of capital. Net assets are classified in the following three components:

- *Invested in Capital Assets, net of related debt* – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net asset consist of net assets of the District that are not restricted any project or other purpose.

The District's net assets for the year ended June 30, 2005 are as follows:

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Invested in Capital Assets, Net of Related Debt: | |
| Net land, land improvements, infrastructure, construction in progress, structures and improvements, equipment and vehicles | \$ 126,583 |
| Restricted for: | |
| Principal (corpus) of the "Endowment Care Trust" | 304,923 |
| Unrestricted | 163,868 |
| Total Net Assets | <u>\$ 595,374</u> |

**County of San Bernardino
Twentynine Palms Public Cemetery District
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 9: INSURANCE

The District is insured with American Alternative Insurance Corporation for general liability, property damage, employee dishonesty, and automobile liability. Preferred Employers Insurance Company provides the District with worker's compensation insurance for all employees in extra or full time positions. Unemployment insurance is provided through the State of California's Employment Development Department.

The schedule of insurance coverage as of June 30, 2005 is as follows:

| Type of Coverage | Limit of Insurance | Description |
|--|--------------------|---|
| Bodily injury and property damage | \$ 1,000,000 | Per occurrence |
| | \$ 3,000 000 | Bodily injury and property damage aggregate |
| Personal injury and advertising injury | \$ 1 000,000 | Per person or organization |
| | \$ 3,000,000 | Personal injury and advertising injury aggregate |
| Employment-related practices injury | \$ 1,000,000 | Per claim |
| | \$ 3,000 000 | Employment-related practices injury aggregate, prior acts are not covered |
| Professional liability | \$ 1,000,000 | Per claim |
| | \$ 3,000,000 | Professional liability aggregate, prior acts are not covered |
| Wrongful acts | \$ 1,000 000 | Per claim |
| | \$ 3 000,000 | Wrongful acts aggregate prior acts are not covered |
| Employment practices liability | \$ 1 000,000 | Per claim |
| | \$ 3,000,000 | Employment practices aggregate prior acts are not covered |
| Fire damage limit | \$ 1 000 000 | Any one premises |
| Medical expense | \$ 10,000 | Per accident |
| Nonmonetary liability | \$ 5 000 | Per incident |
| Pre-termination counseling | \$ 2,500 | Per incident |
| Employee dishonesty | \$ 250,000 | Per occurrence |
| Forgery or alteration | \$ 250,000 | Per occurrence |
| Theft, disappearance & destruction | \$ 250,000 | Per occurrence |
| Computer fraud | \$ 100,000 | Per occurrence |
| <u>Automobile Coverage</u> | | |
| Owned automobile liability | \$ 1 000 000 | Combined single limit |
| Hired and nonowned liability | \$ 1,000,000 | Per accident |
| Auto medical payments | \$ 10,000 | Per accident |
| Uninsured motorist | \$ 1,000,000 | Per accident |
| Comprehensive | | Agreed value, actual cash value or cost of repairs whichever is less minus deductible |
| <u>Worker's Compensation Coverage</u> | | |
| Bodily injury by accident | \$ 1,000,000 | Each accident |
| Bodily injury by disease | \$ 1,000,000 | Policy limit |
| | \$ 1 000,000 | Each employee |

**County of San Bernardino
Twentynine Palms Public Cemetery District
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 10: RETIREMENT

The Presidential Life Insurance Company carries the District's IRA retirement plan. Employees are eligible to participate in the plan at the end of the employee's probationary period. The District advances annual contributions to the IRA of \$2,000 per employee. The plan is 100% immediately vested. The employees reimburse the District for their share at 4% of their gross pay to the maximum allowable, repaid in 24 equal payroll deductions each year. The employees sign a Reimbursement Agreement which is kept in the District's Retirement file. Accordingly, if an employee terminates employment before reimbursing the District for their annual contribution, the balance due will be payable at that time.

County of San Bernardino
 Twentynine Palms Public Cemetery District
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2005

| General | Budgeted Amounts | | Actual Amounts | Variance with |
|---------------------------------------|------------------|-------------|-----------------|--|
| | Original | Final | Budgetary Basis | Final Budget Positive (Negative) |
| Budgetary Fund Balance, July 1, 2004 | \$ 199,307 | \$ 199,307 | \$ 199,307 | \$ - |
| Resources (inflows): | | | | |
| Property taxes | - | - | 98,041 | 98,041 |
| Interest | 3,000 | 3,000 | 3,365 | 365 |
| Transfers in | 2,000 | 2,000 | 8,730 | 6,730 |
| Charges for services | 20,800 | 20,800 | 27,102 | 6,302 |
| Other revenue | 2,000 | 2,000 | 1,639 | (361) |
| Amounts available for appropriations | 227,107 | 227,107 | 338,184 | 111,077 |
| Charges to appropriations (outflows): | | | | |
| Salaries and benefits | 118,775 | 119,775 | 124,460 | (4,685) |
| Services and supplies | 72,375 | 69,000 | 45,647 | 23,353 |
| Capital outlay | 43,520 | 68,620 | - | 68,620 |
| General Reserve | 5,000 | 4,000 | - | 4,000 |
| Appropriation and Contingencies | 20,000 | 20,000 | - | 20,000 |
| Total charges to appropriations | 259,670 | 281,395 | 170,107 | 111,288 |
| Budgetary Fund Balance, June 30, 2005 | \$ (32,563) | \$ (54,288) | \$ 168,077 | \$ (211) |

